

# SUBCOMMITTEE 4

# FINAL ACTION REPORT

Senate Budget and Fiscal Review

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# SUBCOMMITTEE No. 4

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## TRANSPORTATION

### **0520 SECRETARY FOR BUSINESS, TRANSPORTATION, AND HOUSING**

- Transferred the \$1.1 million Film California First Fund balance to the GF.
- Approved Finance Letter to provide \$600,000, General Fund, for the Film Permitting Online System.
- Augmented funding by \$350,000, General Fund, for the Office of Military Base Retention and Reuse.

### **2600 CALIFORNIA TRANSPORTATION COMMISSION**

- Approved Finance Letter to restore three positions originally proposed for elimination in the Governor's' Budget, but changed the designation of the positions from limited-term to permanent.
- Restored the Legislative Director position that was one of the five positions vacant on June 30, 2003 and eliminated. The Governor vetoed the augmentation related to this position.

### **2640 SPECIAL TRANSPORTATION PROGRAMS**

- Approved Finance Letter to augment the Special Transportation Programs by \$15.9 million, based on higher revenue projections.

### **2660 DEPARTMENT OF TRANSPORTATION**

- Approved additional appropriation authority of \$150 million federal funds and \$150 million State Highway Account with expenditure of the funds contingent on the receipt of increased federal funds. Revised the proposed language to specify the funds should primarily support new State Highway Improvement Program (STIP) and State Highway Operation and Protection Program (SHOPP) project allocations.
- Approved transfer of \$108 million in non-Article XIX revenue from the State Highway Account to the GF. Added provisional language that states no funds shall be transferred that would result in federal penalties.
- Approved an augmentation of \$151.7 million and 540 positions for the Capital Outlay Support Program. Modified the Governor's proposal to increased State-staff resources and decreased

contract-out resources such that the total workload will be split 7.6 percent contract-out staff and 92.4 percent state staff. This workload split is the same as that of the 2003 Budget Act.

- Approved position restorations to perform critical workload in the following programs: Toll Collections (\$318,000 and 7 positions); Traffic Operations (\$1.6 million and 18 positions); and Maintenance (\$6.8 million and 64 positions).
- Rejected the Governor's proposal to transfer \$745,000 from the Aeronautics Account to the General Fund.

#### Budget Bill Language

1. Approves a reporting requirement for any issuance of Grant Anticipation Revenue Vehicles (GARVEE) bonds in excess of \$800 million.

#### Trailer Bill Language

1. Approves new Indian gaming compacts and approved the following distribution of \$1.2 billion in Indian gaming bond revenue to partially repay transportation loans to the General Fund:
  - \$457 million to the State Highway Account.
  - \$290 million to the Traffic Congestion Relief Fund.
  - \$275 million to the Public Transportation Account.
  - \$192 million to cities and counties for local streets and roads.
2. Approves suspension of Proposition 42 in 2004-05 with a requirement that the amount suspended be repaid with interest by June 30, 2008.
3. Approves amendments to transfer \$140 million in sales tax "spillover" revenue to the Traffic Congestion Relief Fund (TCRF) instead of to the Public Transportation Account. This transfer, along with a \$43 million transfer from the General Fund to the TCRF, repays \$183 million in transportation loans to the General Fund.
4. Rejects language that would allow the Business, Transportation, and Housing Agency to prioritize future Traffic Congestion Relief Program project allocations without legislative approval.
5. Amends statute to require a long-range highway maintenance plan.

**2665      HIGH SPEED RAIL AUTHORITY**

- Augmented budget by \$720,000 to complete the Environmental Impact Report. The Governor vetoed this augmentation.

**2720      CALIFORNIA HIGHWAY PATROL**

- Augmented budget by \$28 million, to allow the California Highway Patrol to fill 270 vacant officer positions.

**2740      DEPARTMENT OF MOTOR VEHICLES**

- Approved Finance Letter to augment expenditure authority by \$16.1 million, in order to retain 400 temporary positions and reduce wait times at field offices.

## STATE ADMINISTRATION

### 0840 STATE CONTROLLER'S OFFICE

- Augmented the State Controller's Office (SCO) by \$1.5 million reimbursements, \$2.5 million special and nongovernmental funds, and 11 one-year limited-term positions for workload and information technology procurement for the Human Resource Management System—21<sup>st</sup> Century Project. This project will replace the SCO's employment history, payroll, leave accounting, and position control systems.
- Augmented the Unclaimed Property Program budget by \$329,000 GF and 5.9 permanent positions to process increased claims workload.
- Increased the State Disability Insurance (SDI) Program budget by \$614,000 GF and two one-year limited-term positions to modify the human resources and payroll systems for the SDI Program.
- Approved a request for \$985,000 in reimbursements to continue development of the California Automated Travel Expense Reimbursement System.
- Rejected proposed budget bill language to amend the SCO's authority to conduct performance audits.
- Amended statute to allow the state to collect unclaimed property residing in foreign countries. Estimated revenues in the budget year are \$2 million GF.

#### Budget Bill Language

1. Allows various special and nongovernmental funds to be assessed up to \$2.5 million for support expenditures related to the Human Resource Management System—21<sup>st</sup> Century Project.

#### Trailer Bill Language

1. Makes legislative declarations and authorizes the SCO to assess departments and establish agreements to procure funding for the Human Resource Management System—21<sup>st</sup> Century Project.
2. Amends statute to allow the state to collect unclaimed property residing in foreign countries. Estimated revenues in the budget year are \$2 million GF.

**0845 DEPARTMENT OF INSURANCE**

- Augmented the Department of Insurance by \$1.3 million (Insurance Fund) and 12 positions to investigate and prosecute health and disability insurance fraud.
- Increased funding for employee compensation costs for county investigators by \$987,000 (Insurance Fund).
- Distributed \$2.9 million (Insurance Fund) from the Fraud Automobile and Urban Grant Programs to local District Attorneys.

*Trailer Bill Language*

1. Amends the Vehicle Code to transfer the balance of \$2.9 million in the California Earthquake Recovery Fund from the Earthquake Grants and Loans Program to the GF.

**0860 BOARD OF EQUALIZATION**

- Decreased salary savings by \$4.7 million GF and \$2.9 million reimbursements to fund 160 positions. This salary savings correction is estimated to generate \$8.4 million in GF revenues in the budget year and \$18.9 million GF ongoing.
- Appropriated \$564,000 GF for an alternative cigarette tax stamp. The new stamp is estimated to generate \$5.2 million GF and \$28.2 million special funds annually.
- Appropriated \$59,000 GF and \$300,000 other funds to commence the repair process for the exterior curtainwall of the Board of Equalization building in Sacramento.
- Appropriated \$8.1 million (Cigarette and Tobacco Products Compliance Fund) to implement the Tobacco Licensing Act (Chapter 890, Statutes of 2003), which mandated that the BOE administer a statewide program to license businesses that distribute cigarettes and tobacco products. This program is estimated to generate annual revenues of between \$58 million and \$87 million (various funds).

*Trailer Bill Language*

1. For 2004-05 and 2005-06, closes a tax loophole related to the purchase of vehicles, vessels or aircraft by requiring buyers who purchase outside of California but who bring their purchase into the state within 12 months of the date of purchase to be subject to the use tax. BOE costs for this activity are \$2.3 million GF, \$1.2 million reimbursements, and 14 positions. This action is expected to generate an estimated \$25.9 million GF in budget year tax revenue.



**0890 SECRETARY OF STATE**

- Augmented the budget-year appropriation by \$260 million (federal funds) and 15 positions to carry out provisions of the Help America Vote Act (HAVA). The Administration and Legislature will review the spending plan for these funds prior to their expenditure.

*Trailer Bill Language*

1. Repeals a longstanding suspended mandate related to involuntary lien notices.

**0954 SCHOLARSHARE INVESTMENT BOARD**

- Increased the GF reserve by up to \$50 million to reflect funds set aside but as yet unclaimed from the Governor's Scholars Program. Award payments will still be made from the GF and no eligible students will be affected. This will be one-time savings only.

**0959 CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**

- Approved a loan of \$3.5 million from the California Debt Limit Allocation Committee Fund to the GF, to be repaid in October 2006.

**0968 CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

- Approved a loan of \$35 million from the Occupancy Compliance Monitoring Account, Tax Credit Allocation Fee Account to the GF, to be repaid in October 2006.
- Approved a loan of \$31 million from the Tax Credit Allocation Fee Account to the GF, to be repaid in October 2006.

**0971 CALIFORNIA ALTERNATIVE ENERGY AND ADVANCED TRANSPORTATION FINANCING AUTHORITY***Trailer Bill Language*

1. Increases the amount that the Authority may issue in bonds from \$350 million to \$1 billion.

**1110 CONSUMER AFFAIRS**Trailer Bill Language

1. Approves conversion of the Athletic Commission from General Fund to Special Fund. Denies fee increase for boxing events.

**1700 FAIR EMPLOYMENT AND HOUSING**

- Approved Finance Letter to increase the federal appropriation by \$1.0 million to address an operating expenses and equipment funding shortfall.

**1730 FRANCHISE TAX BOARD**

- Rejected trailer bill language to impose a compliance audit fee on candidates and lobbyists at the time of filing statements with the Secretary of State.
- Increased prior-year revenue estimates by \$100 million GF to reflect updated revenue numbers from the Voluntary Compliance Initiative that occurred in 2003-04.
- Increased the FTB's GF appropriation by \$4.3 million GF to provide funding for contracts with tax shelter experts and to backfill 42 audit positions that are being redirected by the FTB to work on abusive tax shelter cases. Estimated revenues are \$28 million GF in 2004-05.
- Augmented by \$17,473,000 (\$5.9 million GF and \$11.5 million reimbursements) to provide funding for 9 positions and vendor payments in order to continue the development phase of the California Child Support Automation System (CCSAS) project.
- Approved an Administration request to increase the FTB's support item \$1.3 million GF and two limited-term positions to provide funding to defend a lawsuit filed by a taxpayer.
- Added 28.1 personnel-years and \$1.8 million GF for manual review of approximately 268,000 potential personal income tax nonfiler accounts. This review will enable the FTB to generate approximately \$63 million in new GF revenues beginning in 2007-08.
- Augmented the FTB budget by \$6.5 million (\$6 million GF) to provide maintenance and operations costs associated with the FTB's new state office building complex.
- Augmented the FTB budget by \$2.8 GF million to fund financial experts who will assist the FTB in combating abusive tax shelters and for backfilling vacant auditor positions. Revenues are estimated to be \$6.5 million GF.
- Increased FTB funding by \$1 million GF to provide funding for increased computer processing capacity and memory.

Trailer Bill Language

1. Enacts a statewide tax amnesty program to occur between February 1 and March 31, 2005. Unlike the targeted amnesty of 2003-04, this amnesty will be widely publicized and available for all eligible taxpayers. Estimated revenues from personal income and corporate taxes, as well as sales and use taxes, are over \$330 million GF.
2. Establishes within the Franchise Tax Board (FTB) fees for setting up payment by installment arrangements and "rush" services for estimated savings of \$1 million GF in the budget year.
3. Suspends the teacher retention credit for two years. The credit was enacted in 2000 and grants a credit to credentialed teachers ranging from \$250 to \$1,500 per year dependent on length of service.

**1760 DEPARTMENT OF GENERAL SERVICES**

- Approved a loan of \$35 million from the Public School Planning, Design, and Construction Review Revolving Fund to the GF, to be repaid in October 2005.
- Approved a loan of \$5 million from the Disability Access Account to the GF, to be repaid in October 2005.
- Decreased funding by \$2.4 million GF and 4.8 personnel-years to eliminate budget authority for the "eGovernment" initiative program that will be transferred to the Department of Personnel Administration.
- Increased funding by \$7 million (\$4 million GF, \$3 million Service Revolving Fund) for ongoing Capitol security operations, maintenance, and enhancements.
- Increased support by \$4.8 million and 28.3 personnel-years to allow the DGS to operate and maintain the Caltrans District 7 (Los Angeles) office building.
- Increased support by \$7.4 million GF and 71.4 personnel-years to allow the DGS to operate and maintain the Franchise Tax Board headquarters building.
- Augmented DGS local assistance funding by \$3 million (State Emergency Telephone Number Account) to support deployment of enhanced wireless 911 telephone services.

Budget Bill Language

1. Adds language to require a report to the Department of Finance and the Legislative Analyst's Office on the cost factors reflected in statewide rental rates.

*Trailer Bill Language*

1. Adopts statutory changes to clarify terminology related to the Department of General Services' design-build process and clarifying the Public Works Board's authority to augment capital outlay projects and establish a construction reserve.

**1880 STATE PERSONNEL BOARD**

- Rejected the Administration's proposal to make a \$465,000 GF reduction to staffing and operating expenses related to merit appeals, examination services, bilingual services, and information technology services. This restoration was decreased by \$135,000 (from \$600,000) through a veto by the Governor.
- Approved the Administration's request to increase the State Personnel Board's main support item by \$549,000 reimbursements and 5.5 positions.

**1900 PUBLIC EMPLOYEE RELATIONS BOARD**

- Approved as budgeted.

**1920 STATE TEACHERS' RETIREMENT SYSTEM**

- Increased funding by \$94 million GF pursuant to a June 30, 2004, STRS valuation in which it was determined that additional funding for member benefits must be provided in order to meet statutory requirements.

**2100 ALCOHOLIC BEVERAGE CONTROL**

- Approved Finance Letter to augment funding by \$496,000, special funds, and establish 10 new positions to perform licensing functions and reduce wait times.

*Trailer Bill Language*

1. Broadens the authority of Alcoholic Beverage Control to accept petitions for an offer in compromise and assess a fine in lieu of a suspension, which will provide an additional \$1.3 million in GF revenue.

**2150 DEPARTMENT OF FINANCIAL INSTITUTIONS**

- Augmented \$679,000, special funds, and established 6.0 new positions to implement the Financial Information Privacy Act (SB 1, Chapter 241, Statutes of 2003). Added provisional language requiring a report on SB 1 implementation by January 10, 2006.

**2180 DEPARTMENT OF CORPORATIONS**

- Augmented \$932,000, special funds, and established 10.0 new positions to implement the Financial Information Privacy Act (SB 1, Chapter 241, Statutes of 2003). Added provisional language requiring a report on SB 1 implementation by January 10, 2006.

**2240 DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**

- Transferred \$7.3 million School Facilities Fund balance to the GF.
- Augmented the Governor's Budget by \$1.3 million GF for the Emergency Housing and Assistance Program. The Governor vetoed this augmentation.

*Trailer Bill Language*

1. Adopts language to allow the use of \$1.4 million in bond funds to pay for repair, rehabilitation, and replacement of equipment at various state-owned migrant centers.
2. Adopts language authorizing a fee not to exceed \$10 to reimburse the state for the cost of administering the Enterprise Zone Program. Fee authority sunsets on July 1, 2006.
3. Adopts language that clarifies and narrows the housing element mandate on local government, to reduce GF cost for the mandate.
4. Adopts language to limit future rent increases for residents of Office of Migrant Services facilities.

**2320 DEPARTMENT OF REAL ESTATE**

- Augmented \$775,000, special funds, and added 13 new positions to issue licenses and reduce wait times.

**2780     STEPHEN P. TEALE DATA CENTER**

- Added 10 positions that will be funded within existing resources.

**8260     CALIFORNIA ARTS COUNCIL**

- Augmented Governor's Budget by \$1 million, General Fund. The Governor vetoed this augmentation.

**8380     DEPARTMENT OF PERSONNEL ADMINISTRATION**

- Moved the sunset date for the Rural Health Care Program from January 1, 2005, to January 1, 2008, and augmented by \$11.3 million to provide full-year funding in 2004-05.
- Approved Finance Letter to eliminate five positions for GF savings of \$259,000.

**8620     FAIR POLITICAL PRACTICES COMMISSION**

- Amended a \$809,000 GF reduction to the Fair Political Practices Commission's (FPPC) nonstatutory funding in the Governor's January 10 budget by adding back \$309,000 GF for legal council, political reform consultants, public outreach, local law enforcement activities, and other administrative activities.
- Rejected a proposed unallocated three percent reduction to the FPPC's budget.

**8860     DEPARTMENT OF FINANCE***Trailer Bill Language*

1. Adopts language that requires the Department of Finance to provide additional budget information related to loans, including a summary of General Fund obligations to special funds and accounts and the date those obligations become due.

**8910     OFFICE OF ADMINISTRATIVE LAW**

- Rejected a proposed \$427,000 GF and five-position increase for a two-year limited-term assignment to address increased Determinations and Regulations Compliance Program workload.

**9100 TAX RELIEF***Trailer Bill Language*

1. Repeals longstanding suspended mandates related to deferring senior citizens' mobile home property taxes and property tax family transfers.

**9210 LOCAL GOVERNMENT FINANCING**

- Maintained funding for the Citizens' Option for Public Safety (\$100 million GF) and Juvenile Justice Crime Prevention Act (\$100 million GF) grant programs.

*Trailer Bill Language*

1. Shifts in 2004-05 and in 2005-06 \$1.3 billion GF of property taxes from local governments to schools and community college districts to reduce state education costs. Of the \$1.3 billion, \$350 million is shifted from special districts, \$350 million from cities, \$350 million from counties, and \$250 million from redevelopment agencies.
2. Implements an ongoing tax shift of property taxes from schools and community colleges to cities and counties as a replacement for state VLF backfill revenues. In 2006-07 this will amount to \$4.2 billion.
3. Enacts significant mandate protections, including a statutory payback schedule for mandate deferrals. All mandates would be either suspended or paid.
4. Repeals longstanding suspended mandates related to involuntary lien notices and certain properties where the county recorder must make notices (lis pendens).
5. Beginning in 2005-06, deletes the continuous appropriation to cities for their costs associated with booking individuals into county jails. Also starting that year, the amount that county sheriffs may charge for booking fees is reduced by one-half.
6. Reinstates the rural and small county law enforcement grants. The language appropriates and allocates \$500,000 to specified small and rural county sheriffs' departments to enhance law enforcement. A total of \$18.5 million will be allocated for this program in 2004-05.

**9650 SUPPORT FOR HEALTH AND DENTAL BENEFITS FOR ANNUITANTS**

- Achieved \$60.5 million in GF savings by adopting a \$1.6 million reduction in dental premiums and a \$58.9 million reduction in health premiums.

**9800 AUGMENTATION FOR EMPLOYEE COMPENSATION**

- Assumed \$63.0 million GF in savings from renegotiation of the CCPOA contract.
- Adopted \$23.3 million GF in savings based on changes in health benefits for employees.

**9840 AUGMENTATION FOR CONTINGENCIES AND EMERGENCIES***Budget Bill Language*

1. Amends the process for augmenting insufficient appropriations by making procedural changes and specifying a \$50 million GF appropriation for deficiencies in the 9840 budget item. In the event that funding in that item is exhausted, departments may seek funding through the bill process.

**9916 REFORM OF REAL PROPERTY ASSET MANAGEMENT***Trailer Bill Language*

1. Adds language to expediting the sale of property deemed surplus and authorized by the Legislature for sale. The budget assumes \$50 million in additional General Fund revenue from this action.

**CONTROL SECTIONS****3.60 CONTRIBUTIONS TO PUBLIC EMPLOYEE RETIREMENT BENEFITS**

- Adopted revised rates for the six retirement classes, pursuant to a PERS Board meeting on May 18, 2004.

*Trailer Bill Language*

1. Authorizes the issuance of pension obligation bonds to pay \$929 million in 2004-05 state retirement costs. Bonds are financed through the savings generated by requiring new employees to work for 24 months before they may join PERS. In 2004-05, this action



reduces the state's retirement costs by \$32 million. The language also allows the Director of Finance, on behalf of the Committee, to make payments in the amount of \$120,000 for a legal settlement involving pension obligation bonds.

#### **4.10 EMPLOYEE COMPENSATION SAVINGS**

- Authorized the Department of Finance to reduce General Fund appropriations by \$150 million, under specified restrictions and exclusions. After the \$150 million reduction to General Fund appropriations has been achieved, the Department of Finance is authorized to carry out a second General Fund reduction of an equal amount, pursuant to any reversions or savings identified in a general reorganization plan. The Director of Finance must report to Joint Legislative Budget Committee and the Appropriations Committees not later than 30 days after making the reductions permitted by this section.

##### Budget Bill Language

1. Authorizes the Administration to make \$150 million in unallocated GF reductions during the fiscal year. State operations appropriations may be reduced by as much as 20 percent, and local assistance appropriations may be reduced by as much as 5 percent.

#### **4.20 CONTRIBUTION TO PUBLIC EMPLOYEES CONTINGENCY RESERVE FUND**

- Amended the contribution that departments and contracting agencies must make to PERS' contingency reserve fund to pay for administrative costs by reducing the rate to .425 percent of total health insurance premiums.

#### **4.35 LOANED POSITIONS**

##### Budget Bill Language

1. Authorizes the Administration to identify all Governor's Office employees who are funded by other departments and adjust departmental budgets accordingly to reflect the employees' actual assignment.

#### **4.45 E-BUDGET**

##### Budget Bill Language

1. Authorizes the Administration to transfer up to \$750,000 from the Department of General Services to the Department of Finance, to

provide funding for producing the Governor's Budget through electronic and other means.

#### **5.50 CONTRACT SAVINGS**

- Reversed projected ongoing savings of \$100 million, per the May Revise, that were built into the current-year budget. Savings were unachievable largely due to double counting by departments.

#### **6.60 WORKERS' COMPENSATION SAVINGS**

- Approved the use of state government workers' compensation savings, up to \$40 million, to augment funding for Employment Training Panel grants.

#### **8.52 FEDERAL REIMBURSEMENTS**

##### Budget Bill Language

1. Adopts control section language clarifying that unanticipated federal funds will be used for purposes consistent with the GF moneys they will replace. In a related action, a control section dealing with the same issue (Control Section 7.50) was deleted.

#### **12.00 STATE APPROPRIATIONS LIMIT**

- Established a state appropriations limit of \$64,588,000,000, in accordance with Article XIII B of the Constitution.

#### **14.00 SPECIAL FUND LOANS: DEPARTMENT OF CONSUMER AFFAIRS**

- Approved special fund loan authority for loans between Boards and Commissions in the Department of Consumer Affairs.

#### **15.00 DATA CENTER CONSOLIDATION**

- Approved authority for budget realignment related to consolidation of the state's data centers. The control section additionally provides for a \$3.5 million transfer from the Stephen P. Teale Data Center Revolving Fund to the GF.

**16.00 TRIBAL GAMING REVENUE / REPAYMENT OF TRANSPORTATION LOANS**

- Deleted this proposed Control Section because similar provisions were incorporated into the transportation budget trailer bill.

**27.00 DEFICIENCY REPORTING REQUIREMENTS**

- Deleted Control Section 27.00, which stipulates the procedures and requirements related to deficiency funding requests. Provisions for augmenting insufficient appropriations and other related procedural reforms are moved to the 9840 budget item.

**32.00 PROHIBITS EXCESS EXPENDITURES**

- Amended this control section to clarify the liability of officers of departments, boards, and commissions as it relates to the expenditure of continuous appropriations.

**33.50 STRATEGIC SOURCING***Budget Bill Language*

1. Adopts savings to be achieved through refined procurement practices. The expected savings from this “buy in bulk” proposal is \$96 million GF.

**34.50 PUBLIC BENEFIT TRUST FUND***Budget Bill Language*

1. Adopts legislative intent language to recognize revenues to be generated by the state taking 75 percent of the award in trials where punitive damages are assessed. Approximately \$450 million GF in ongoing revenues is assumed by establishing this transfer.

*Trailer Bill Language*

1. Adopts language specifying the allocation of awards between plaintiffs, attorneys, and the state and that the funds in the Public Benefit Trust Fund will be appropriated for purposes consistent with the nature of the award. The language also exempts the attorney’s share of the punitive award from taxation by the state, withhold information from the jury the knowledge that punitive damages will

be awarded to a government fund, and make provisions related to the state's public role in the assignment of punitive damage awards. These provisions will cease to be operative as of June 30, 2006.

### **35.00            GENERAL FUND DEFICIT RECOVERY PAYMENTS**

#### *Budget Bill Language*

1. Adopts a control section to permit the Director of Finance to reimburse 2003-04 and 2004-05 expenditures with the amounts available from the Deficit Recovery Fund. That fund includes the proceeds of the Economic Recovery Bond.

### **35.50            ESTIMATED GENERAL FUND REVENUE**

#### *Budget Bill Language*

1. Adopts a figure of \$80,390,500,000 as state resources available in 2004-05, pursuant to the California Balanced Budget Act (Proposition 58) enacted in March 2004.

## JUDICIARY

### **0250 JUDICIARY**

- Approved the May Revise proposal to increase funding by \$4.3 million GF due to increases in judges' salaries and benefits, employee salaries, and increased costs of contract security services, and to reduce the unallocated reduction from \$9.8 million to \$8.5 million, \$3 million of which is ongoing.
- Approved May Revise proposal to increase expenditures from the Trial Court Facilities Construction Fund by \$23.3 million and 65 positions to begin the transition of court facilities from counties to the state.

### **0280 COMMISSION ON JUDICIAL PERFORMANCE**

- Approved as budgeted -- \$3.9 million.

### **0390 CONTRIBUTIONS TO JUDGES' RETIREMENT SYSTEM**

- Approved expenditures of \$116.2 million GF, leaving a one-month reserve for the fund.

### **0450 STATE TRIAL COURT FUNDING**

- Approved the May Revise proposal to increase funding to the Trial Court Trust Fund by \$95.1 million GF for existing costs that trial courts are experiencing. The proposal includes increases: for court staff retirement, court security, judges' retirement system, non-salary-driven benefit increases, salary and benefit contract costs, judges' salary and benefits, and county charges. The proposal also increases the unallocated reduction by \$11 million (from \$59 million to \$70 million), and makes \$20 million of the unallocated reduction ongoing.
- Rejected May Revise proposal to achieve \$6.4 million in GF savings through the implementation of electronic court recording. Adopted trailer bill language that prohibits courts from expending funds for electronic reporting technology to make a record not authorized in current law, and requires the Judicial Council to report on all purchases and leases of electronic reporting equipment.
- Rejected the May Revise proposal to achieve \$312,000 in GF savings through the elimination of the governmental exemption from civil court filing fees.

- Rejected the May Revise proposal to achieve \$372,000 in GF savings through reduction of the number of preemptory challenges in all cases.
- Rejected the May Revise proposal to achieve \$241,000 in GF savings through implementation of smaller jury panel sizes statewide.
- Rejected the May Revise proposal to achieve \$173,000 in GF savings by decreasing the jury size from 12 to 8 in limited civil cases.
- Approved the May Revise proposal to achieve \$2.3 million in GF savings through elimination of juror pay for governmental employees.
- Rejected May Revise trailer bill language requiring the Judicial Council to establish a working group to review trial court collective bargaining issues. Adopted trailer bill language specifying that violations of certain labor acts or rules and regulations shall be processed as an unfair practice charge by the Public Employment Relations Board (PERB).
- Approved a loan of \$30 million from the State Court Facilities Construction Fund to the GF.
- Adopted trailer bill language to provide that the base funding adjustment for the operating costs of trial courts will be computed based on the change in the state appropriations limit (SAL). Starting with the 2005-06 fiscal year, increases for the base operating costs of the courts will be based on increases in the SAL.
- Adopted trailer bill language to extend the filing fee surcharge on certain civil cases until June 30, 2005 to help make up for an estimated filing fee shortfall.